

Javalution Coffee Company/CLR Roasters

Consolidated

2nd Qtr 2010

Total Income

Javalution	214,443.49
CLR Roasters	591,412.25
Consolidated	805,855.74

Cost of Goods Sold

Javalution	176,116.31
CLR Roasters	449,524.22
Consolidated	625,640.53

Gross Profits

Javalution	38,327.18
CLR Roasters	141,888.03
Consolidated	180,215.21

Expenses

Javalution	379,701.02
CLR Roasters	198,640.40
Consolidated	578,341.42

Net Ordinary Income

Javalution	(341,373.84)
CLR Roasters	(56,752.37)
Consolidated	(398,126.21)

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Accrual Basis

Javalution Coffee Company
Balance Sheet
As of June 30, 2010

	<u>Jun 30, 10</u>
ASSETS	
Current Assets	
Checking/Savings	
Bank of America - Petty Cash	743.95
Checking Bank of America	664,686.54
Petty Cash	361.90
Total Checking/Savings	<u>665,792.39</u>
Accounts Receivable	
Accounts Receivable	5,434.64
Total Accounts Receivable	<u>5,434.64</u>
Other Current Assets	
Due from CLR Roasters LLC	
Interest Receivable	16,287.65
Lease Receivable	56,901.86
Due from CLR Roasters LLC - Other	392,648.71
Total Due from CLR Roasters LLC	<u>465,838.22</u>
Inventory	92,646.18
Investment in CLR	
Equity in Investee	-278,811.93
Investment in CLR - Other	1,103,345.62
Total Investment in CLR	<u>824,533.69</u>
Prepaid Commission	
Transcard	2,868.43
Total Prepaid Commission	<u>2,868.43</u>
Reserve 10% -Authorize-Meritus	9,838.27
Undeposited Funds	3,127.86
Total Other Current Assets	<u>1,398,852.65</u>
Total Current Assets	<u>2,070,079.68</u>
Fixed Assets	
Booth Displays	7,062.11
Computer Equipment	83,820.45
Distribution Equipment	1,800.00
Furniture and Fixtures	32,769.17
Less Accumulated Depreciation	-136,442.94
Machine and Equipment	101,599.65
Tradeshow Equipment	6,167.73
Total Fixed Assets	<u>96,776.17</u>

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Accrual Basis

Javalution Coffee Company
Balance Sheet
As of June 30, 2010

	<u>Jun 30, 10</u>
Other Assets	
Pre-Paid Expenses-Alliance/CLR	3,428.64
Total Other Assets	<u>3,428.64</u>
TOTAL ASSETS	<u><u>2,170,284.49</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	178,515.81
Total Accounts Payable	178,515.81
Other Current Liabilities	
Accrued expense	3,750.00
Accrued Incentive Bonus Pool	31,287.63
Accrued Interest Payable	32,898.84
Accrued interest related Party	5,066.33
Accrued Salaries	164,765.37
Accrued Sales Tax Payable	6,677.75
Dividend Payable	252,955.71
Due to Related Party	64,633.19
Loan Payable	749,000.00
MLM Commissions	
Commission to the Field	153,186.40
Founder's Pool Payable	18,595.83
Total MLM Commissions	171,782.23
Sales Tax Payable	3,376.56
Total Other Current Liabilities	<u>1,486,193.61</u>
Total Current Liabilities	1,664,709.42
Long Term Liabilities	
Capital Lease -Bank of West	98,862.80
Notes payable- CLR Acq	277,205.86
Total Long Term Liabilities	<u>376,068.66</u>
Total Liabilities	2,040,778.08
Equity	
Capital Stock-No Par	
Common Stock - 2010	957,500.00
Preferred Stock-No Par	1,552,580.00
Warrant Conversion	593,843.60
Capital Stock-No Par - Other	9,966,579.00
Total Capital Stock-No Par	<u>13,070,502.60</u>

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Accrual Basis

Javalution Coffee Company
Balance Sheet
As of June 30, 2010

	<u>Jun 30, 10</u>
Dividend Paid	-540,435.71
Paid-in Capital	3,486,742.29
Retained Earnings	-15,298,648.66
Net Income	-588,654.11
Total Equity	<u>129,506.41</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,170,284.49</u></u>

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Accrual Basis

Javalution Coffee Company
Profit & Loss
April through June 2010

	<u>Apr - Jun 10</u>
Ordinary Income/Expense	
Income	
Sales Income	202,302.40
Total Income	<u>202,302.40</u>
Cost of Goods Sold	
Cost of Goods Sold	78,547.32
Freight Costs	3,671.37
MLM-Commissions	
Commissions to the Field	84,203.17
Founder's Pool Commissions	3,320.65
Total MLM-Commissions	<u>87,523.82</u>
Packaging Costs	6,373.80
Total COGS	<u>176,116.31</u>
Gross Profit	26,186.09
Expense	
Bank Service Charges	
Credit Card Service Charges	11,509.46
Bank Service Charges - Other	1,823.53
Total Bank Service Charges	<u>13,332.99</u>
Business Fees	520.13
Car/Truck Lease	
Car Rental	206.16
Gas	1,056.53
Parking	348.38
Taxi	194.60
Tolls	38.80
Car/Truck Lease - Other	5,913.00
Total Car/Truck Lease	<u>7,757.47</u>
Computer Expense	765.49
Computer Software Expense	149.00
Conferences & Seminars	6,551.50
Contract Services	
Stock Transfer Agent	4,753.05
Total Contract Services	<u>4,753.05</u>
Depreciation Expense	6,102.00
Dues and Subscriptions	1,350.00
Filling Fee	1,272.00
Freight	401.20
Incentive Bonus Pool	3,874.07

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Accrual Basis

Javalution Coffee Company
Profit & Loss
April through June 2010

	<u>Apr - Jun 10</u>
Insurance	
Auto Insurance	2,336.00
Health	12,573.94
Lease Equipment	331.76
Total Insurance	<u>15,241.70</u>
Internet Publishing	2,250.00
Licenses and Permits	805.50
MLM Back Office System	4,799.00
Office Expense	985.87
Office Supplies	601.37
Officer Compensation	71,076.88
Payroll Expenses	
Gross Wages	64,474.68
Payroll Services	517.75
Payroll Taxes	4,673.27
Worker's Comp	263.02
Total Payroll Expenses	<u>69,928.72</u>
Postage and Shipping	901.84
Printing and Reproduction	6,059.99
Professional Fees	
Accounting Fees	150.00
Consulting Fees	4,500.00
Legal Fees	11,680.00
Total Professional Fees	<u>16,330.00</u>
Rent	
Electricity Usage	411.19
Rent - Other	13,452.00
Total Rent	<u>13,863.19</u>
Repairs and Maintenance	
Computer Repairs	530.00
Total Repairs and Maintenance	<u>530.00</u>
Sales Taxes	161.71
Selling Expenses	
Advertising Expenses	
Creative Services	17,378.94
Infomercial Development	4,500.00
Marketing	
Marketing Material Development	4,458.25
Marketing - Other	26,148.58
Total Marketing	<u>30,606.83</u>

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Accrual Basis

Javalution Coffee Company
Profit & Loss
April through June 2010

	<u>Apr - Jun 10</u>
Advertising Expenses - Other	600.00
Total Advertising Expenses	<u>53,085.77</u>
Total Selling Expenses	53,085.77
Telephone and Fax	
Internet	189.72
Mobile	3,769.50
Service	5,495.65
Total Telephone and Fax	<u>9,454.87</u>
Travel & Entertainment	
Airfare	8,292.00
Lodging	12,897.51
Meals & Entertainment	7,847.71
Total Travel & Entertainment	<u>29,037.22</u>
Website Development	11,345.55
Total Expense	<u>353,288.08</u>
Net Ordinary Income	-327,101.99
Other Income/Expense	
Other Income	
Lease Income -related party	9,729.18
Other Income	2,411.91
Total Other Income	<u>12,141.09</u>
Other Expense	
Interest Expense	26,137.65
Other Expenses	275.29
Total Other Expense	<u>26,412.94</u>
Net Other Income	<u>-14,271.85</u>
Net Income	<u><u>-341,373.84</u></u>

Javalution Coffee Company
Statement of Cash Flows
 April through June 2010

	<u>Apr - Jun 10</u>
OPERATING ACTIVITIES	
Net Income	-341,373.84
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	1,013.71
Due from CLR Roasters LLC	30,888.06
Due from CLR Roasters LLC:Lease Receivable	-9,729.18
Inventory	-2,675.17
Prepaid Commission:Transcard	2,742.33
Reserve 10% - Meritus System	249.56
Reserve 10% -Authorize-Meritus	19,912.99
Accounts Payable	6,295.55
Accrued Incentive Bonus Pool	3,874.07
Accrued Interest Payable	-160.04
Accrued Salaries	9,876.88
Due to Related Party	-3,500.20
MLM Commissions:Commission to the Field	10,518.12
MLM Commissions:Founder's Pool Payable	3,094.90
Sales Tax Payable	2,735.86
Net cash provided by Operating Activities	<u>-266,236.40</u>
INVESTING ACTIVITIES	
Less Accumulated Depreciation	6,102.00
Net cash provided by Investing Activities	<u>6,102.00</u>
FINANCING ACTIVITIES	
Capital Lease -Bank of West	-5,237.20
Notes payable- CLR Acq	-24,524.70
Capital Stock-No Par:Common Stock - 2010	957,500.00
Net cash provided by Financing Activities	<u>927,738.10</u>
Net cash increase for period	667,603.70
Cash at beginning of period	<u>1,316.55</u>
Cash at end of period	<u><u>668,920.25</u></u>

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Accrual Basis

CLR Roasters LLC
Balance Sheet
As of June 30, 2010

	<u>Jun 30, 10</u>
ASSETS	
Current Assets	
Checking/Savings	
Bank of America - Petty Cash (Bank of America - Petty Cash)	773.99
CLR Bank of America (CLR Bank of America)	13,983.78
Petty Cash Account (Petty Cash Account)	63.85
Total Checking/Savings	<u>14,821.62</u>
Accounts Receivable	
1200 · Accounts Receivable	219,985.22
Total Accounts Receivable	<u>219,985.22</u>
Other Current Assets	
1120 · Inventory Asset	85,599.53
Total Other Current Assets	<u>85,599.53</u>
Total Current Assets	<u>320,406.37</u>
Fixed Assets	
15000 · Furniture and Equipment (Furniture and equipment with useful life exceeding one year)	7,383.00
15002 · Manufacturing Equipment	
6010 · Equipment Upgrades (Warehouse Upgrade)	8,430.11
15002 · Manufacturing Equipment - Other	421,717.00
Total 15002 · Manufacturing Equipment	<u>430,147.11</u>
15003 · Javafit Flow Equipment (Javafit Mixing and Production Flow Equipment)	40,224.31
15004 · Office Equipment	5,922.27
15005 · Leased Manufacturing Equipment (Leased Manufacturing Equipment)	100,420.00
17000 · Accumulated Depreciation (Accumulated depreciation on equipment, buildings and improvements)	-282,298.15
6175 · Equipment Purchase (Equipment Purchase)	140,835.92
Total Fixed Assets	<u>442,634.46</u>
Other Assets	
16000 · Intangible Assets	
Accumulated Amortization (Accumulated Amortization)	-30,418.00
16000 · Intangible Assets - Other	70,764.00
Total 16000 · Intangible Assets	<u>40,346.00</u>
16005 · Security Deposit	19,477.00
6011 · Utility Service Upgrade (600 AMP Service)	8,159.16
Total Other Assets	<u>67,982.16</u>
TOTAL ASSETS	<u><u>831,022.99</u></u>

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Accrual Basis

CLR Roasters LLC
Balance Sheet
As of June 30, 2010

	<u>Jun 30, 10</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	138,136.19
Total Accounts Payable	<u>138,136.19</u>
Other Current Liabilities	
Accrued Expenses (Accrued Expenses)	
Accrued Incentive Bonus Pool (Accrued Incentive Bonus Pool)	71,482.49
Total Accrued Expenses (Accrued Expenses)	<u>71,482.49</u>
Due to Javalution Coffee (Due to Javalution Coffee)	
Accrued Interest - JAVA (Accrued Interest - JAVA)	16,287.65
Due to Javalution Coffee-lease	56,901.86
Due to Javalution Coffee (Due to Javalution Coffee) - Other	392,648.71
Total Due to Javalution Coffee (Due to Javalution Coffee)	<u>465,838.22</u>
Due to Related Party (Due to Related Party)	80,075.63
Total Other Current Liabilities	<u>617,396.34</u>
Total Current Liabilities	755,532.53
Long Term Liabilities	
Long Term Liability (Long Term Liability)	
Banc of America Leasing & Capit (Banc of America Leasing & Capital, LLC)	66,718.71
Crestmark Bank (Crestmark Bank)	86,475.80
The CIT Group (The CIT Group)	25,160.73
Total Long Term Liability (Long Term Liability)	<u>178,355.24</u>
Total Long Term Liabilities	<u>178,355.24</u>
Total Liabilities	933,887.77
Equity	
Additional Paid in Capital (Additional Paid in Capital)	
Capital Contribution - TCBTR	601,918.62
Javalution Capital Contribution (Capital Contribution)	1,103,245.62
Additional Paid in Capital (Additional Paid in Capital) - Other	-1,163,806.42
Total Additional Paid in Capital (Additional Paid in Capital)	<u>541,357.82</u>
1110 · Retained Earnings (Retained Earnings)	-506,053.71
Net Income	-138,168.89
Total Equity	<u>-102,864.78</u>
TOTAL LIABILITIES & EQUITY	<u><u>831,022.99</u></u>

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Accrual Basis

CLR Roasters LLC
Profit & Loss
April through June 2010

	<u>Apr - Jun 10</u>
Ordinary Income/Expense	
Income	
4010 · Sales (Sales)	555,626.73
4020 · Other Sales (Other Sales)	42,609.04
4040 · sales discount- others	-6,823.52
Total Income	<u>591,412.25</u>
Cost of Goods Sold	
5000 · Cost of Goods Sold (Cost of Goods Sold)	
5005 · COST OF GOODS (COST OF GOODS)	1,269.75
5015 · Direct labor	35,801.73
5020 · COS- Depreciation	39,864.87
6001 · Freight In (Freight In)	
6000 · Freight (Freight)	976.89
6001 · Freight In (Freight In) - Other	1,859.68
Total 6001 · Freight In (Freight In)	<u>2,836.57</u>
6286 · Sub Contractors (Sub Contractors)	14,000.00
6921 · Warehouse Surcharge (Warehouse Surcharge)	8,462.33
5000 · Cost of Goods Sold (Cost of Goods Sold) - Other	347,288.97
Total 5000 · Cost of Goods Sold (Cost of Goods Sold)	<u>449,524.22</u>
Total COGS	<u>449,524.22</u>
Gross Profit	141,888.03
Expense	
Amortization Expense (Amortization Expense)	4,602.00
Lease Expense (Lease Expense)	9,729.18
6002 · Freight Out (Freight Out)	30,686.59
6020 · Marketing Expense (Marketing Expense)	309.13
6180 · Insurance (Insurance)	
6181 · Health Insurance (Health Insurance)	3,525.70
6182 · Car Insurance (Car Insurance)	1,023.68
6184 · Workers Compensation (Workers Compensation)	1,346.00
6185 · Liability Insurance (Liability Insurance)	2,254.96
Total 6180 · Insurance (Insurance)	<u>8,150.34</u>
6270 · Professional Fees (Professional Fees)	
6287 · Accounting (Accounting Fees)	138.75
Total 6270 · Professional Fees (Professional Fees)	<u>138.75</u>
6290 · Rent (Rent)	
6295 · Rent Taxes (Rent Taxes)	7,956.89
6290 · Rent (Rent) - Other	5,451.25
Total 6290 · Rent (Rent)	<u>13,408.14</u>

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Accrual Basis

CLR Roasters LLC
Profit & Loss
April through June 2010

	<u>Apr - Jun 10</u>
6300 · Repairs (Repairs and Maintenance)	
6330 · Equipment Repairs (Equipment Repairs)	1,455.92
Total 6300 · Repairs (Repairs and Maintenance)	1,455.92
6337 · Coffee Equipment Repairs (Coffee Equipment Repairs)	
6338 · Service Contract (Service Contract)	243.00
6337 · Coffee Equipment Repairs (Coffee Equipment Repairs) - Other	7,218.51
Total 6337 · Coffee Equipment Repairs (Coffee Equipment Repairs)	7,461.51
6350 · Travel & Entertainment (Travel and Entertainment)	
6370 · Meals (Meals)	169.00
Total 6350 · Travel & Entertainment (Travel and Entertainment)	169.00
6400 · Utilities (Utilities)	
6405 · Gas and Electric (Gas and Electric)	9,011.62
6420 · Garbage (Garbage)	1,825.65
Total 6400 · Utilities (Utilities)	10,837.27
6560 · Payroll Expenses	
6561 · Officer's Salaries (Officer's Salaries)	44,423.12
6562 · Gross Wages (Gross Wages)	10,365.39
6567 · Payroll Services (Payroll Services)	491.25
Total 6560 · Payroll Expenses	55,279.76
6570 · Payroll Taxes (Payroll Taxes)	
6571 · Payroll Taxes (Payroll Taxes)	5,420.07
Total 6570 · Payroll Taxes (Payroll Taxes)	5,420.07
6640 · Taxes (Taxes)	
6641 · Tax (Tax)	31.80
6640 · Taxes (Taxes) - Other	5.25
Total 6640 · Taxes (Taxes)	37.05
6770 · Supplies (Supplies)	
6790 · Office (Office Supplies)	2,445.34
Total 6770 · Supplies (Supplies)	2,445.34
6810 · Telephone Expense (Telephone and long distance charges, faxin...	
6815 · Telephone (Telephone)	2,727.06
6818 · Wireless Card (Wireless Card)	423.98
Total 6810 · Telephone Expense (Telephone and long distance charges, ...	3,151.04

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Accrual Basis

CLR Roasters LLC
Profit & Loss
April through June 2010

	<u>Apr - Jun 10</u>
6909 · Parking (Parking)	7.00
6910 · Automobile Expense (Automobile Expense)	2,439.51
6911 · Fuel Charges (Fuel Charges)	72.60
6917 · Conferences and Seminars (Conferences and Seminars)	2,000.00
6920 · Bank Service Charges (Bank Service Charges)	3,211.19
6922 · Warehouse Supplies (Warehouse Supplies)	1,913.10
6937 · Sunpass (Sunpass)	20.00
6940 · Cleaning & Sanitation (Cleaning & Sanitation)	780.00
6960 · Dues and Subscriptions (Dues and Subscriptions)	312.90
6970 · Equipment Rental (Equipment Rental)	1,204.11
6972 · Licenses and Permits (Licenses)	526.17
6973 · Pest Control Services (Pest Control Services)	770.40
6975 · Maintenance (Maintenance)	2,008.10
6978 · Postage and Delivery (Postage and Delivery)	1,099.06
6979 · Printing and Reproduction (Printing and Reproduction)	324.95
6983 · Incentive Bonus Pool (Incentive Bonus Pool)	12,423.11
6988 · Miles Traveled (Miles Traveled)	337.00
6989 · Car Allowance (Car Allowance)	1,500.00
6990 · Business Gifts (Business Gifts)	70.86
6995 · Donations (Donations)	85.35
Total Expense	<u>184,386.50</u>
Net Ordinary Income	-42,498.47
Other Income/Expense	
Other Expense	
6200 · Interest Expense (Interest Expense)	
6210 · Finance Charge (Finance Charge)	1,090.66
6985 · Factoring Expense Fee (Factoring Expense Fee)	8,895.59
6200 · Interest Expense (Interest Expense) - Other	4,267.65
Total 6200 · Interest Expense (Interest Expense)	<u>14,253.90</u>
Total Other Expense	<u>14,253.90</u>
Net Other Income	<u>-14,253.90</u>
Net Income	<u><u>-56,752.37</u></u>

CLR Roasters LLC
Statement of Cash Flows
 April through June 2010

	Apr - Jun 10
OPERATING ACTIVITIES	
Net Income	-56,752.37
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · Accounts Receivable	51,355.58
1120 · Inventory Asset	9,394.94
2000 · Accounts Payable	-61,018.26
Accrued Expenses:Accrued Incentive Bonus Pool	12,423.11
Due to Javalution Coffee	-30,888.06
Due to Javalution Coffee:Due to Javalution Coffee-lease	9,729.18
Due to Related Party	23,229.05
	-42,526.83
Net cash provided by Operating Activities	-42,526.83
INVESTING ACTIVITIES	
15000 · Furniture and Equipment	-7,383.00
17000 · Accumulated Depreciation	39,864.87
6175 · Equipment Purchase	-1,863.75
16000 · Intangible Assets	1,534.00
16000 · Intangible Assets:Accumulated Amortization	3,068.00
	35,220.12
Net cash provided by Investing Activities	35,220.12
FINANCING ACTIVITIES	
Long Term Liability:Banc of America Leasing & Capit	-5,263.34
Long Term Liability:Crestmark Bank	11,497.30
Long Term Liability:The CIT Group	-778.24
	5,455.72
Net cash provided by Financing Activities	5,455.72
Net cash increase for period	-1,850.99
Cash at beginning of period	16,672.61
Cash at end of period	<u>14,821.62</u>

JAVALUTION COFFEE COMPANY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
For the Month Ended June 30, 2010
(Unaudited)

	Preferred Stock, No Par Value		Common Stock, No Par Value		Additional Paid-in Capital	Noncontrolling Interest	Accumulated Deficit	Total Shareholders' Deficiency
	Number of Shares	Amount	Number of Shares	Amount				
Balance March 31, 2010 (Unaudited)	1,653,700	\$ 1,552,580	126,777,323	\$ 12,630,867	\$ 1,655,107	\$ -	\$ (16,676,954)	\$ (838,400)
Common Stock Issued			21,277,777	\$ 957,500				
Warrants Issued in connection with convertible debenture								
Stock Issued Related to Debenture Conversion							(398,126)	(398,126)
Net loss for the period								
Balance, June 30, 2010 (Unaudited)	1,653,700	1,552,580	148,055,100	13,588,367	1,655,107	-	(17,075,080)	(1,236,526)